

DEFINITIONS CONCERNING PURCHASE OF SERVICE CREDITS/REPAYMENT OF REFUNDS

1. **Additional Contributions** - Contributions due on service rendered in a covered position but not withheld by the employer. This term also applies to the difference between the employee/employer contributions paid on the first \$ 7,800.00 and actual salary earned. **A.C.A. § 24-7-406(a)(6)**
2. **Back Contributions** - Contributions payable by an active member for service rendered in a covered position after July 1, 1937, on which no applicable contributions have been paid and on which no service has been credited. **A.C.A. § 24-7-502(b)(5)(A)(i)**
3. **Employer Pick-Up** - Contributions withheld from salary by covered employers after June 30, 1997. Such contributions shall not be subject to state and federal income taxes and shall not be included as gross income until distributed or made available to the member. "Picked-Up" contributions may also be used to repay a refund or purchase service. **A.C.A. § 24-7-406(h)**
4. **Military Service (purchased)** - The purchase of active duty military service. **A.C.A. § 24-7-602 and A.C.A. § 24-2-502**
5. **National Guard Service** - Service rendered in the Arkansas National Guard. **A.C.A. § 24-7-610**
6. **Noncontributory to Contributory** – Payment made to convert noncontributory service credit to contributory service credit. **A.C.A. § 24-7-406(f)(3)(A)(ii)**
7. **Out-of-State Service** - Service rendered in any state except Arkansas in a position that would have been covered by ATRS had the service been rendered in the state of Arkansas. **A.C.A. § 24-7-603**
8. **Overseas Service** - Service rendered in an American-type overseas school sponsored and approved by either the United States Department of State or the Department of Defense, Peace Corps, or Volunteers in Service to America (VISTA). **A.C.A. § 24-7-604**

9. **Private School Service** - Service rendered in any private school or agency recognized by the Arkansas State Department of Education for the issuance of teaching licenses. **A.C.A. § 24-7-607**

Employment under the Head Start Programs will be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education.

10. **Repayment of Refund** - Repayment to ATRS of contributions that have been withdrawn. Withdrawal of contributions forfeits contributory service credit. Service credit can be restored by repayment of a refund. **A.C.A. § 24-7-502(b)(4)(A) and A.C.A. § 24-7-406(d)**
11. **Rollover/Transfer** – Acceptance of before tax contributions as rollover distributions and/or direct rollovers of distributions from plans pursuant to Rule No. 8-4 (Rollover Acceptance and Distribution).
12. **Sabbatical Leave** - Leave of absence from a school from and after June 28, 1985, in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant. **A.C.A. § 24-7-606**
13. **Interest** - The rate or rates per annum, compounded annually, as the Board shall adopt from time to time, that will be charged for the purchase of service credit or to repay a refund, but the rate shall equal no less than the System's current assumed interest rate assumption (currently 8%). **A.C.A. § 24-7-202**

Adopted: June 15, 2004

Amended: April 26, 2007